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UNTUK EDARAN DALAMAN

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Aspek Kebudayaan dan Perpaduan Kaum : Relevannya dengan IPTA

A. Aziz Deraman

Maklumat (IT) dalam Pendidikan Sekolah Bestari

Raja Abdullah Yaacob & Saidina Omar Samsuri

Hakcipta Intelektual Era Digital Menurut Islam

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Halifah Abdul Rahman

An Insight Into the Global Market Penetration by

A Malaysian Construction Firm :

Evaluation of the Construction Industry in International Markets

Noraliza Haji Basrah

KOSMOLOGI KEILMUAN PADA MILENIUM SIBER

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Universiti Teknologi Mara Shah Alam

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ISI KANDUNGAN

Aspek Kebudayaan dan Perpaduan Kaum Relevannya dengan IPTA: Satu Analisis <i>Tuan Haji A. Aziz Deraman</i>	1
Maklumat (IT) dalam Pendidikan Sekolah Bestari <i>Profesor Madya Dr Raja Abdullah Yaacob & Saidina Omar Samsuri</i>	25
Hakcipta Intelektual Era Digital Menurut Islam <i>Mohd Nor Mamat</i>	35
Anda dan Pembacaan <i>Dr Zohra Ibrahim</i>	49
Kumpulan Pendesak/Seminat <i>Dr Posiah Mohd Isa</i>	57
The Changing Role of the Secretarial Profession <i>Halifah Abdul Rahman</i>	67
An Insight Into the Global Market Penetration by A Malaysian Construction Firm: Evaluation of the Construction Industry in International Markets <i>Noraliza Basrah</i>	75
Teknik Peperiksaan <i>Habibah Lehar</i>	95
Getting Ready for A Basic Accounting Exam!	101
Mendengar & Menggalakkan Manusia Bercakap <i>Darussalam Abu Bakar</i>	111
<i>Jemputan Penulisan Artikel Jurnal Bil 02 Jun-Dis 2000</i>	119

**AN INSIGHT INTO THE GLOBAL MARKET
PENETRATION BY A MALAYSIAN
CONSTRUCTION FIRM – EVALUATION
OF THE CONSTRUCTION INDUSTRY IN
INTERNATIONAL MARKETS**

Noraliza Basrah

Abstract

This paper is prepared during the study of MSc. in Integrated Construction Project Management (August 1999) to fulfil the requirements for the subject of “Evaluation of Construction Industry in International Markets”. It is developed upon an investigation of a construction firm which has ventured into the global market. The underlying questions are focused towards the firm’s strategic encounter abroad. It is hoped that the summary content of the subject coursework may provide readers with some critical points towards facing the global impact within an industry. It includes the premise of study, an introduction to the firm studied, highlights of its critical success factors and strategic encounter abroad. The author finally outlines the findings into a set of resources being used by the firm for their own competitive advantages.

Introduction

The future emerges at varying speeds in different ways across different industries and “COMPETITIVENESS” is a growing industry. As competition, organizations and market globalize, the people involved need to communicate, negotiate and manage within different cultures. The parties involved need to employ competitive scans within the selected industry-analysis context for global marketing opportunities. To be global, one really has to believe deep down that, people

may work IN different national environments but are not OF them. What they are OF is the global corporation. Managing the network that holds together such organizations is inherently messy.¹ It would be difficult to define universal values. The fact is clear enough that universal values could not possibly exist especially when determining the right or wrong ways of doing business. Ethical business practice is NOT the same everywhere, and members of different cultures see the market environment just as differently.

This is an insight into a company's strategic approach in facing the global industry and the changing era that the new millennium brings alongside its emergence. Like dinosaurs threatened by cataclysmic climate changes, companies often find it impossible to cope with radically altered environment. The species died out because they were unable to adapt fast enough to genetic mutations and survival of the fittest. For corporate dinosaurs; however, the genetic coding can be altered in various ways, namely the beliefs, values and norms about how best to motivate people, the right balance of internal cooperation and competition, optimizing the use of company's resources, the relative ranking of shareholders, customers, and employees interests, and what behaviour to encourage and discourage.

When environment changes rapidly and radically, those beliefs may become a threat to survival, especially if the industry lacks genetic variety. Success of companies confirms successful strategies and leads into believing "that strategy" is the surest way to prolong success. Senior executives are prone to believe that their organizational status confirms that they know about the industry, customer needs and competitors MORE than the subordinates do. However, this is true only

¹ Kenichi Ohmae, 1990. *The Borderless World*.

concerning the past knowledge. The rules of competitive success remain in their minds as they climb the corporate ladder. The danger lies here; where the company's genetic coding will be laggard. Like the sad fact of the fish which discovered land, "land remain a mystery to the fish, and by the time it discovers land, it is usually too late!"

New competitive realities have ruptured industry boundaries, overthrown much of standard management practice, and rendered conventional models of strategy and growth obsolete. Competing for the future must enter the dynamic realm of industry transformation and strategy re-generation. As the American scholar Alfred Schutz pointed out, "when we encounter other social systems they have already given names to themselves, decided how they want to live and how the world is to be interpreted. We may label them if we wish but we cannot expect them to understand or accept our definitions, unless they correspond to their own. We cannot strip them of their common sense or routine ways of seeing. They come to us as a whole system of patterned meanings and understandings. We can only try to understand, and to do so means starting with the way they think, and building from there."²

With the above premise, let's uncover the chosen company's successful approach in venturing the foreign construction market industry.

Exclusive Profile

Sunway City Berhad was incorporated under the name of Sri Jasa Sdn. Bhd. since 1982 before eventually changed to Sunway City Berhad in April 1996. Its successful flagship

² Hoecklin, Lisa. *Managing Cultural Differences- Strategies for Competitiveness Advantage*, (1996).

begins with the task of realizing an aspiration of transforming a 494-acre of wasteland into township, which was subsequently enlarged to 800 acres. The Sungei Way Group (its parent company) alienated by Selangor State Government the entire expanse of former mining and quarrying land, has entrusted Sunway City Bhd. with the property development operations.

The pristine, self-contained Bandar Sunway Township with its unique theme of “Resort Living Within the City” was the company’s big test. It boldly embraces the challenge of facing adverse conditions of the site; to adaptively reuse the mining area is an engineering feat and to maximize the area’s potential is a test of commercial prowess. The company succeeds to reclaim, revitalize and landscape the land synergized with Sungei Way Group’s construction expertise and resourceful building materials, the result is an emergence of a bustling center, alive with residential, commercial, light industrial, educational, leisure plus entertainment and tourism related activities. Even the early launches which were stricken by economy’s weak progress due to mid-80’s severe recession received overwhelming demand.

The township continued to experience a consistently strong demand that resulted high yield margins. Among the project developments include:

Bandar Sunway Township

Planned for 50 000 population and full completion date is expected in 2002. The township offers extensive choice of residential varieties, a business park, value added amenities and excellent infrastructure.

Sunway Lagoon Resort

SUNWAY LAGOON THEME PARK

80 acres of fascinating FUNland with international standard rides, slides and attractions, this development is a winner of several industry awards.

SUNWAY LAGOON RESORT HOTEL

Nineteen storeys, 439 rooms, five-star deluxe hotel offering exotic ambience of themed honeymoon suites, warm hospitality, charming landscaped gardens, outstanding lobby and service, spectacular views as well as the largest grand ballroom and health, fitness and beauty center.

SUNWAY PYRAMID

Fifteen-and-half acres sprawled shopping mall offering leisure and carefree shopping experience, 2.5-million sq. ft. built up space and 5000 car-parking bays. The premise will provide memorable family shopping experience as well as a convention center of 60 000-sq. ft. floor space which houses a grand hall, eight meeting rooms and an extensive foyer area.

Sunway City Terminal

The redevelopment of Sungei Way Railway Station, located along the KL-Klang KTMB electric double tracking commuter train service route, expected to complete this year. The 1.63-acre terminal with modern commercial and retail facilities, worth RM20 million, will enable rail passengers to inter-change to the Bandar Sunway Monorail.

Sunway Science City

One hundred and fifty two acres of commercial, leisure and high-tech precinct, RM3 billion project comprising corporate showroom pavilions, business park, theme park with sunken pavilion, space pavilion, future world and other virtual reality attractions, convention and exhibition center, telecommunications center, hotels and service apartments.

Other National Township

SELANGOR

A 345-acre, RM2 billion integrated township adjacent to Tropicana Golf and Country Resort and Bandar Utama in Petaling Jaya. A joint venture with Selangor State Economic Development.

PENANG

Seberang Jaya- entrusted by Penang Development Corporation which developments include a 56-acre, RM1 billion towncentre, 3-star Sunway Hotel and Sunway Carnival shopping and entertainment mega mall.

Bayan Baru- a joint venture with Koperasi Tunas Muda Sungai Ara Bhd. development of a commercial town center which comprise shop offices, centrally-located office block, one stop shopping center, 3-star hotel, hawker center and apartment blocks.

PERAK

Sunway City Ipoh, integrated townships located near the scenic Tambun Hot Springs area. One thousand four hundred-acres, RM1 billion joint venture project with Perak State Economic Development Corporation and Yayasan Perak. The

township will comprise residential bungalows, apartments, condominiums, homesteads, holiday villas, geriatric center and medical center. Catering for the retirees and foreigners seeking to flee from their hometown's winter months. Additional features include a theme, resort hotel, commercial center, shop office, hypermarket, private college and clubhouse.

International Project Venues

- Zimbabwe
- South Africa
- Cambodia
- Vietnam

Group Of Companies

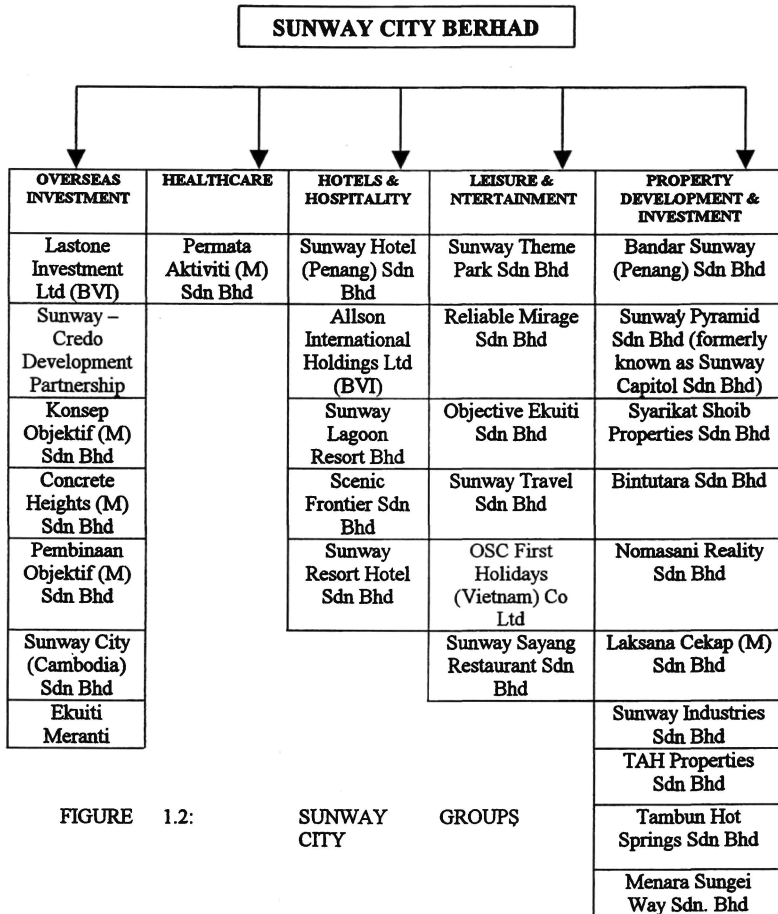


FIGURE 1.2: SUNWAY CITY GROUPS

The Strategic Encounter Abroad

WHY (reasons for the business operations)

SUNWAY CITY CORPORATE MISSION
<p>To create a conducive environment for living, working and leisure by transforming the existing landscape and/or landform into a well designed and visually stimulating structures that will greatly enhance its value.</p> <p>To manage investment and business opportunities derived from our development of the land to seek and manage property investment and related business opportunities worldwide to continuously provide an attractive returns to our business partners and that our employees are our greatest assets.</p> <p>© 1997 Sunway City Berhad</p>

FIGURE 2.1: COMPANY'S CORPORATE MISSION

The company's mission statement betrays some simple reasons towards the overseas business operations. One clear fact is that, the company values MOST; its employees and shareholders. It also years for valued opportunities and experiences to develop expertise and skills. Foreign investment provides an attractive arena for the company to:-

- Exploit capabilities of its own sizeable human and material resources
- Create and expand business market penetration
- Create and exploit synergies and partnering in business

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- Search for opportunities to innovate and improve skills and quality of service
- Create wealth for shareholders (owners) by providing satisfaction to stakeholders (customers)

WHAT (steps taken towards the operation)

It is a fact that venturing into business/investment within a foreign market requires strategic analysis. Sunway City Bhd., in view of its strengths and weaknesses, tries to study the opportunities and threats within such encounter. Company employees MUST understand:-

- The organization itself, in which they work in
- The industry which it operates, and
- The macroclimate analysis and scanning

These three levels of analysis provide important information that constitutes vital elemental basis for Sunway City Berhad to act upon. The activities involved can be summarized as shown below:-

TABLE 2.2: GLOBAL MARKET ANALYSIS

ANALYSIS LEVELS	ACTIVITIES/ INVESTIGATION	IMPORTANT INFORMATION
ORGANIZATION	Staff training and awareness	The company's resources, culture, mission, goals, capabilities, future strategies
INDUSTRY (phase one)	Strategies formulation	The nature of business, the opportunities and threats of market entry, the working culture and competition, the business and functional plan, etc.
INDUSTRY (phase two)	Strategies implementation	The company's organizational structure, culture, leadership, power, control and monitoring
MACRO CLIMATE	Economic force	GDP, short/long term interest rates, inflation, currency value
	Political/legal	Election outcome, legislation, court judgements, decisions by federal, state and local agencies
	Technological	Inventions, technological changes in industry
	Social force	Traditions, values, trends, culture and expectations of the business from local view

HOW (arrangements and relations were made)

The Sunway City Group has been striding confidently into the global business arena through successful government-to-government trade missions. The company started up by taking initiative in responding positively to several invitations from various foreign governments and establishing joint venture links abroad. The foreign investments are as shown:-

TABLE 2.3: SUNWAY CITY BHD INVESTING ABROAD

PROPERTY TYPE	VENUE	PARTICULARS	STRATEGY
Industrial township	ZIMBABWE	4000 acre, RM4 billion inland port and custom clearings, industrial buildings, bonded warehousing, export free zone center, hostels, offices and residential properties and Venterburg Estate	Joint Venture with the country's Industrial Development Corporation.
Residential properties	SOUTH AFRICA	92-acre, RM136 million residential property development at Green Oaks, a university town	Joint Venture with South Africa's Credo Development Partnership
Modern township	CAMBODIA	1125 acre, RM2.5 billion a diplomatic enclave complete with residential, shopping, light industrial, leisure and entertainment properties at Phnom Penh	Joint Venture agreement with the Royal Cambodian Government
Hotel property	VIETNAM	150 rooms, RM35 million 3-star hotel at Hanoi	Information not available

Sunway City Group recognizes the critical need to collaborate with the local joint venture partners, especially to benefit from:-

(a) Risk Sharing Opportunities

- Shared output and facilities
- Cost can also be divided
- Opportunity to obtain local funding and incentives
- May obtain local resources and contacts

(b) Reduction of Uncertainties

- Gain access to blurred market condition
- Collaboration seen to harness strength against local competitors

(c) Guaranteed Profitability of Investment

- Ensure returns upon project completion
- Long-term basis relationship
- Developing new skills such as entrepreneurial and innovative management tactics
- Win-win situation for both parties can be achieved

The Critical Success Factors

The Organization's Culture

Culture is not a thing that can be experienced directly through the senses. It does not simply exist or be easily defined for a specific society. It includes ideas constructed from within a society such as:-

- (a) A shared systems of meanings
- (b) Relative to the ways it is perceived by individuals
- (c) Learned from social environment
- (d) A collective phenomenon
- (e) Culture of Collectivism

Sunway City Bhd is much concerned of the corporate culture being understood and implemented collectively. The corporate motto, “OUR PEOPLE, OUR STRENGTH” determines its belief upon its own staff and culture to create success. Teamwork is of prime importance. Personal skills and development would still be encouraged. Most important of all, its objectives are to obtain customers’ confidence and lasting joint venture partnering to spur company’s continued success.

Strength is in people, and people relationship constitute, as follows:-

- Organizations workforce
- Group alliances and joint venture companies
- Shareholders
- Stakeholders

The Leadership

Sunway City Bhd.s prime vision is to exploit its talented workforce of managers and employees for continued success. The leadership style is more of a transformational nature and relies upon broad-based participation. The driving forces towards continued success are as follows:-

- (a) Top management is committed to:
 - Direct and harness boundless energies of its staff
 - Establish vision and strategic decision making

- Encourage cohesive teamwork (family concept)
- (b) Middle management, mostly senior members, capable and willing to:
- Share valuable experiences
 - Motivate training programs
 - Uphold participatory style of management
 - Encourage open discussions and maximize collective contribution
 - Plan, develop and implement strategies collectively

This enables the company staff members to become more aware of the importance of their individual tasks as well as being highly motivated and enthusiastic to move ahead.

Land banks

Owning large tracts of land ensures immense opportunities for the company's continued expansion. The company is actively exploring the possibility of acquiring several large land tracts, strategically located in high growth areas throughout Peninsular Malaysia, Sabah and Sarawak.

Local and Abroad Property Investment

Property investments will provide the company with a steady source of recurrent rental income and local term capital appreciation. The selected diversified portfolio comprises shopping complexes, high-rise office complexes and hotels developed locally and abroad.

Diversification Towards Healthcare Service

The nation's moved to corporatize and privatize healthcare created new opportunities in providing healthcare services. The scope of potential involvement includes supply of medical equipment, pharmaceuticals, provision of health insurance, managed care and other health protection schemes. This step would enhance its pre-eminent position as the provider of total lifestyle township.

Track Record

Each of the country penetrated is impressed by the company's sterling track record in township and town center development. This proves that it is vital to build good or outstanding reputation in the home market industry to be able to penetrate the global market. The company concentrates upon what it does BEST, and focuses to offering such services abroad.

Critical Overview: Company's Competitive Edge

As a final countdown, it would be worthwhile to recapture the company's strong points that help provide competitive advantages towards its foreign venture. A point to remember is that, one company must be strongly based and competitive within its own home country to be able to venture outwards and succeed. Looking at Sunway City Bhd., some critical success factors are glaringly present. They are listed below under various types of resources to show how any other company may use its own available resources as tools for international market penetration.

Human Resource

Leading key issues regarding the company's human resource are such like:

- **WORK CULTURE**
- **SKILLS**
- **EXPERIENCE**

Human is the dominant success agent. Company's mission and vision are clearly and widely understood. This ensures a combined effort and the collective work efforts create significant synergy. Moreover, the managers are excellent conductors of an orchestra, able to trigger almost the best from the team members. The workforce can be the greatest asset a company could have, and the most powerful tool for international market venture.

Organization Resource

The organization resources are based upon the well-planned and well-implemented strategies of the company. Trustworthy relationship and business partnering provides essential networking and profitable ends. The company's motto **OUR PEOPLE, OUR STRENGTH** remains one of its greatest assets- its staff members built into an army of highly motivated team.

On top of that, the milestones of achievement speak for the company and provide a handsome resume as they seek foreign opportunities.

Recapturing the key issues again,

- **BUSINESS STRATEGY**

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- **TRUSTED ALLIANCES**
- **MOTIVATED WORKFORCE**
- **COMPANY PERFORMANCE**

Physical Resource

Last but not least are the tangibles, without which the company's operations and progress would be crippled.

- **LANDBANKS**
- **FINANCIAL STRENGTH**
- **PLANTS & EQUIPMENTS**
- **BUILDING MATERIALS**
- **TECHNOLOGY AND EXPOSURE**

The company is registered with Pusat Khidmat Kontraktor (PKK) and Construction Industry Development Board (CIDB) as Class "A" and Class "7" respectively³. Construction companies are classified according to their technical and financial ability with Class "A" and Class "7" being the highest qualification. With the highest qualification, the Group can tender for contract of unlimited value which is especially important when vying for government contracts.

An added strength to that giant capability is the ability to tap advantageous aspects from the combined resources of the Group, namely the ample development land areas, reliable sources of materials, equipment and services from companies within its group and alliances. The Group's competitive advantage is not just in SIZE and the above factors, but also in terms of competitive pricing, assured quality and shorter project completion period. This developed technology and

³ PKK is a government's classification and registration body for contractors.

CIDB is a government's set body to regulate quality of the industry and coordinate their activities.

exposure have magnified the physique of the company as it boldly moves towards foreign construction industry.

Market globalization is current prime agenda in competing for the future. The future is to be found in the intersection of changes in technology, lifestyles, regulation, demographics and geopolitics. The Sunway City Bhd. case study proves, "Seeing the future requires not only a wide angle lens but also a multiplicity of lenses to possess an extraordinary foresight".

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